



DATE: April 6, 2017
TO: Chris Wilson, Assistant City Manager
FROM: Internal Audit Division
SUBJECT: Redwood Street Limited Partnership 2014-2015
(No Response Required)

The Internal Audit Division has completed our review of the Redwood Street Limited Partnership for the 2014-2015 fiscal year along with a Programmatic Review by the Neighborhood Development Department. Attached you will find our review report; the departmental response and our replies to their responses. We feel that sufficient corrective actions have been implemented to our recommendations as we move forward. If you have any questions or need additional information, please let us know. Thanks.

Len Lucas
Internal Audit Director

Cc Barbara Harris, Director of Neighborhood Development Department
Cyndi Blue, Manager of Housing Services, Neighborhood Development
Lamont Taylor, Administrative Services Manager for Neighborhood Development
Caitlin Warren Bowers, Grant Administrator for Neighborhood Development



DATE: February 13, 2017

TO: Barbara Harris, Assistant City Manager

FROM: Internal Audit Division

SUBJECT: Redwood Street Limited Partnership 2014-2015
(Written Response Required by February 27, 2017)

The Internal Audit Division has performed our compliance review for the year ended December 31, 2015 of Redwood Street Limited Partnership ("Partnership"). The property, Coley Jenkins Independent Living Center ("Project"), received a non-interest bearing loan provided by the City of Greensboro ("City") in the amount of \$556,000 to help in the construction of 40 residential units located at 2121 Redwood Street. This property is managed by Wynnefield Properties, Incorporated. The balance on the loan is due in full on December 1, 2027.

Ms. Von Patrick, Neighborhood Outreach Specialist of the Planning Department, inspected approximately 15 percent of the units and no repairs were noted for the property at the time. Also, the exterior buildings and grounds were noted to be in good condition. A copy of the report was given to the Property Manager.

Note 1 of the audited financial statements for the year ended December 31, 2015 states: "Effective December 31, 2015, the Limited Partner [WNC Institutional Tax Credit Fund V, L.P.] assigned their interest in the Partnership to Wynnefield 515, LLC ("New Limited Partner"). The resulting ownership interests in the Company will be as follows: Wynnefield Properties, Inc. ("Managing General Partner") at 1.00% and Wynnefield 515, LLC ("New Limited Partner") at 99.00%."

In regards to the Project's cash flow, Note 7 of the audited financial statements for the year ended December 31, 2015 states: "The Project has required the deferment of the collection of management fees and payroll costs by management, advances from affiliates, and suspension of deposits into the reserve for replacements in order to meet its financial obligations. It is likely that this deferral along with future advances will be required in the future for the Project to continue to meet its obligations."

The current assets of the Partnership at December 31, 2015 were \$22,621 while the current liabilities were \$50,626; resulting in a negative working capital of (\$28,005). As disclosed in Note 4 to the audited financial for fiscal year ended December 31, 2015, it states: "The Limited Partner advanced \$80,692 to the Partnership in prior years to fund payment of past due property taxes and insurance expenses. The \$80,692 advanced is still outstanding at December 31, 2015 and 2014. An affiliate of the Managing General Partner advanced \$14,142 to the Partnership in prior years to fund payment of past due property taxes. The \$14,142 advanced is still outstanding at December 31, 2015 and

2014. Collectively, as of December 31, 2015 and 2014, \$94,834 remained payable to the Partners and affiliates.”

“Affiliates of the General Partner had deferred the reimbursement of operating expenses throughout the years ended December 31, 2015 and 2014. The amounts outstanding at December 31, 2015 and 2014 totaled \$41,442 and \$20,614, respectively.”

The Partnership should continue to seek ways of improving its financial position.

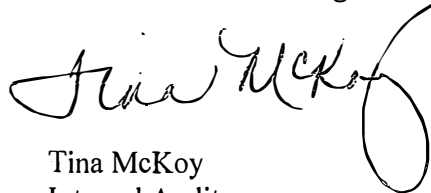
We examined selected program documentation maintained by the Partnership for compliance with the loan agreement. Based on our review, it appears that the terms of the loan agreement have been met with the following exception:

FINDING: We have not received the Partnership’s Management Letter and Form 1065 Tax Returns for fiscal year ended December 31, 2015.

RECOMMENDATION: Financial reporting should be submitted in accordance with the written loan agreement. Please submit the Partnership’s Management Letter and Form 1065 Tax Returns immediately. If a Management Letter was not issued, please ask your auditors to provide us a letter stating such on the firm’s letterhead (signed and dated) as soon as possible.

We request a written and signed response from the Neighborhood Development Department and Wynnefield Properties, Incorporated by February 27, 2017; and mailed to: City of Greensboro, Internal Audit Division, P. O. Box 3136, Greensboro, NC 27402.

We would like to thank Ms. Joanie Duley, Corporate Management and the staff of Wynnefield Properties for their courtesy and cooperation shown to us during this visit. If there are any questions or comments concerning the details of this visit, we can be reached at 373-4528.



Tina McKoy
Internal Auditor



Len Lucas
Internal Audit Director

Cc: Chris Wilson, Assistant City Manager
Cyndi Blue, Manager of Housing Services, Neighborhood Development
Lamont Taylor, Administrative Services Manager, Neighborhood Development
Caitlin Bowers, Grant Administrator, Neighborhood Development
Charla Gaskins, Federal Compliance Coordinator, Neighborhood Development
Bill Cashatt, CFO, Wynnefield Properties, Incorporated
Joanie Duley, Controller, Wynnefield Properties, Incorporated



NEIGHBORHOOD DEVELOPMENT

February 10, 2017

Norwood Stone, Wynnefield Properties
Coley Jenkins Apartments
PO Box 395
Jamestown, NC 27282

Dear Mr. Stone:

Enclosed is a copy of the City of Greensboro's programmatic review of the loan agreement between the City of Greensboro and Redwood Street Limited Partnership for a loan for the construction of 40 apartments located at 2121 Redwood Street.

Neighborhood Development staff appreciates the assistance and documentation provided during the monitoring visit by Ms. Joanie Duley, Corporate Management; and the staff of Wynnefield Properties, Incorporated.

Sincerely,

Charla Gaskins
Federal Compliance Coordinator

B. Lamont Taylor
Grants, Finance, & Administration Manager

Programmatic Review of Coley-Jenkins Independent Living Center Agreement

Overview

Redwood Street Limited Partnership entered into a construction loan agreement with the City for a period beginning January 27, 1997 and ending December 1, 2027. The non-interest bearing \$556,000 loan, comprised of \$411,000 from 1995 and 1996 Federal HOME Investment Partnership Program funds and \$145,000 from Greensboro Housing Partnership funds, is due in full by the end of the loan term. This loan helped finance the construction of 40 one-bedroom apartment units known as Coley-Jenkins Independent Living Center. This property is managed by Wynnefield Properties, Incorporated.

The purpose of this programmatic review is to determine whether Redwood Street Limited Partnership met agreement requirements during fiscal year 2014/2015. Wynnefield Properties, Incorporated provided resident files and financial documentation for the City of Greensboro's Neighborhood Development staff and Internal Audit staff to review.

Process

City of Greensboro staff conducted an on-site monitoring visit of the Coley-Jenkins Independent Living Center, located at 2221 Redwood Street, on September 29, 2016. Prior to the visit, the City provided a letter to Wynnefield Properties, Incorporated to schedule the visit and to request documentation needed to conduct the review. In response to the letter, Wynnefield Properties, Incorporated confirmed scheduling and provided copies of requested documentation. During the visit, Internal Audit conducted a financial review and Neighborhood Development conducted a programmatic review. Staff of Wynnefield Properties, Incorporated was available to answer any questions.

Review of Certification of Tenant Incomes

The purpose of this review is to determine compliance with agreement requirements and eligibility documentation that was maintained for each resident. A sampling of six resident files was chosen for review. The files included tenant income certifications and supporting income documentation. All files reviewed met the initial income threshold for low and moderate income households. Tenant incomes were in compliance with the agreement.

Review of Lead Based Paint Disclosure

The purpose of this review is to determine whether agreement requirements are being met. Construction of the property was to be completed by December 1, 1997. Coley-Jenkins Independent Living Center is exempt from the lead based paint disclosure requirements.

Review of Residential Lease

The purpose of this review is to determine compliance with agreement requirements. Of the files reviewed, documentation showed that all residents signed a lease at move-in. All initial leases are for one year. Residential leases appear to be in compliance with the agreement.

Review of Rents

The purpose of this review is to determine compliance with the agreement. For thirty years following completion of construction, the maximum gross rent for all units (including applicable utility allowances) will not exceed thirty (30%) percent of the adjusted income of a two person household whose gross income equals fifty (50%) of the median income for the Greensboro Area. The 1st Amendment to the agreement allows for 16 units to be at or less than 50% rent limits and 24 units at 51% to 60% rent limits. The 2016 HOME rent plus utility limits are as follows:

Bedrooms (People)	Current Coley-Jenkins Independent Living Center Max Low Rent	Low HOME Rent	Current Coley-Jenkins Independent Living Center Max High Rent	High HOME Rent
1 Bedroom (1.5)	\$415	\$531	\$519	\$637

All of the unit rents for Coley-Jenkins Independent Living Center appear to comply with the agreement.

Review of Property Standards

The purpose of this review is to determine compliance with agreement requirements for improvements, maintenance and repairs to the property. A sampling of six resident files was chosen for review. All were 1-bedroom units. All files reviewed had an inspection form signed by management.

Additionally, Ms. Von Patrick, Neighborhood Outreach Specialist for the Planning Department, inspected six of the units and the property's exterior and grounds during the on-site monitoring visit. No repairs were suggested for the units.

Review of Contractual Compliance

Redwood Street Ltd has maintained insurance coverage and has named the City of Greensboro as the insured on the policy. Internal Audit examined selected financial transactions and program documentation for compliance with the loan agreement. Based on their review, it appears that the terms of the loan have met the agreement with the exception of receiving the Partnership's Management Letter and Form 1065 Tax Returns for fiscal year ended December 31, 2015. Internal Audit requested the submission of the Partnership's Management Letter as soon as possible.

Based on Neighborhood Development's review of files and program documentation, it appears that requirements in the loan agreement have been met with the exception of paying property taxes on time. Per the City agreement, taxes are to be paid when due. A red flag resulted because property taxes for Coley-Jenkins Independent Living Center were not paid on time; payments were made approximately 4 ½ months past the due date. Due diligence should be taken to ensure that Redwood Street Limited Partnership complies with the loan agreement for the upcoming review.

Property Base Indicators

Red Flag Indicators	Threshold	Property results	Red Flag
Physical Occupancy FY 15/16	>85%	93.8%	-
Average Vacant Unit Offline Time	<45 Days	128.4 Days	Red Flag
Adhering to HOME and/or Agreement	Achieved	Yes	-
Change in Revenue	Positive	No	Red Flag
Affirmative Marketing Policy	Adherence	Yes	-
Property Taxes Paid On Time	Achieved	No	Red Flag

Summary:

There are three (3) red flag indicators (shown above) which should be focused on by management. Neighborhood Development urges Wynnefield Properties to seek ways to improve the average vacant unit offline time, to increase the positive change in revenue, and to ensure property taxes are paid by the due date. Most notably, the average vacant unit offline time increased from 102.8 days in the previous review to 128.4 days in the current review. This is a significant increase and will be closely monitored by the City of Greensboro in next year's review. Neighborhood Development does not require a reply. Internal Audit requests the submission of the Partnership's Management Letter and Form 1065 Tax Returns for fiscal year ended December 31, 2015.

Neighborhood Development
City of Greensboro



February 10, 2017

TO: Len Lucas, Internal Audit Director


FROM: Charla Gaskins, Federal Compliance Coordinator

SUBJECT: FY14-15 Neighborhood Development Review of Coley Jenkins Apartments Report

Neighborhood Development concurs with the information, findings, and recommendations of the Internal Audit FY 2014-15 review.

Thank you.

CG

Approved by: 
B. Lamont Taylor, GFA Division Manager
Neighborhood Development



DATE: February 13, 2017
TO: Barbara Harris, Assistant City Manager
FROM: Internal Audit Division
SUBJECT: Coley Jenkins Apartments – FY 2014-2015

Thank you for your reply dated February 10, 2017. Internal Audit agrees with the Neighborhood Development Department's response to Internal Audit's subject report dated February 13, 2017.



Tina McKoy
Internal Auditor



Len Lucas
Internal Audit Director

Cc: Chris Wilson, Assistant City Manager
Cyndi Blue, Manager of Housing Services, Neighborhood Development
Lamont Taylor, Administrative Services Manager, Neighborhood Development
Caitlin Bowers, Grant Administrator, Neighborhood Development
Charla Gaskins, Federal Compliance Coordinator, Neighborhood Development

Attachment



April 4, 2017

Mr. Bill Cashatt, CFO
Wynnefield Properties
P.O. Box 395
Jamestown, NC 27282

Re: Redwood Street Limited Partnership 2014-2015 (Coley Jenkins)

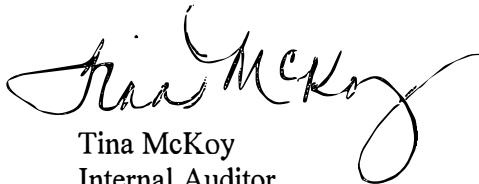
Dear Mr. Cashatt:

We are in receipt of the email your auditors, Dauby O'Connor & Zaleski, LLC, sent to address our finding regarding the Management Letter for the year ended December 31, 2015. It is noted that it is your auditors' protocol to issue a "Letter to Those Charged with Governance" following their audit; and a Management Letter will only be issued when an issue must be raised to management which is not a reportable condition in the audit report.

Also, we are in receipt of the 2015 Form 1065 Partnership Tax Returns for the property for the year ended December 31, 2015.

If you have any questions or concerns, please call us at 336-373-4528.

Sincerely,



Tina McKoy
Internal Auditor



Len Lucas
Internal Audit Director

Cc: Chris Wilson, Assistant City Manager
Barbara Harris, Assistant City Manager
Cyndi Blue, Manager of Housing Services, Neighborhood Development
Lamont Taylor, Administrative Services Manager, Neighborhood Development
Caitlin Bowers, Grant Administrator, Neighborhood Development
Charla Gaskins, Federal Compliance Coordinator, Neighborhood Development
Joanie Duley, Controller, Wynnefield Properties

Attachments

McKoy, Tina W

From: Joanie Duley <Joanie.Duley@wynnefieldproperties.com>
Sent: Thursday, March 30, 2017 11:27 AM
To: McKoy, Tina W
Cc: 'cstark@doz.net'; 'sanderson@doz.net'
Subject: RE: New Garden Governance Letter

Hello Tina,

I went ahead and forwarded this to Corey and Scott at DOZ for the below. Corey and Scott, let me check to see if I have the tax returns for 2015, and I will forward those to Tina.

From: McKoy, Tina W [mailto:Tina.McKoy@greensboro-nc.gov]
Sent: Thursday, March 30, 2017 11:02 AM
To: Joanie Duley <Joanie.Duley@wynnefieldproperties.com>
Subject: FW: New Garden Governance Letter
Importance: High

Joanie,

Do you have a copy of this Governance Letter as attached for New Garden, Lincoln Grove and Coley Jenkins for the year ended December 31, 2015? If not, could you please get Corey to forward them to me? This will address the outstanding responses required for these three properties. Also, please forward me a copy of the Form 1065 Tax Returns for Coley to fully address this property.

Thanks!

Tina McKoy
373-4528

From: Corey Stark [mailto:cstark@doz.net]
Sent: Thursday, February 18, 2016 3:10 PM
To: McKoy, Tina W <Tina.McKoy@greensboro-nc.gov>; Joanie Duley <joanie.duley@wynnefieldproperties.com>
Subject: New Garden Governance Letter

Hi Tina,

We do not issue a Management Letter as Generally Accepted Auditing Standards changed a couple years back. What was formerly known as the Management letter is now the Governance Letter, which I have attached. Management Letters are only issued on an as needed basis for issues with internal controls, processes, accounting methods, etc., and one was not issued in the case of Wynnefield Properties.

Thank you,

--

Corey Stark
Audit Manager

cstark@doz.net



Dauby O'Connor & Zaleski, LLC
A Limited Liability Company
Certified Public Accountants

March 16, 2016

Mr. Craig Stone
Wynnefield Properties, Inc.
5614 Riverdale Drive
Jamestown, NC 27282

RE: Redwood Street Limited Partnership

To the Partners of:
Redwood Street Limited Partnership

We have audited the financial statements of Redwood Street Limited Partnership as of and for the year ended December 31, 2015, and have issued our report thereon dated March 16, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Redwood Street Limited Partnership's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Redwood Street Limited Partnership solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

As part of the audit we considered the internal control of Redwood Street Limited Partnership. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. A summary of the significant accounting policies adopted by the entity is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2015.

The significant accounting policies used by Redwood Street Limited Partnership are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended December 31, 2015. We noted no transactions entered into by Redwood Street Limited Partnership during the year for which there is a lack of authoritative guidance or consensus.

Significant Accounting Policies (continued)

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant sensitive estimates affecting the financial statements for the year ended December 31, 2015.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were) as follows:

The disclosure of the cash flow contingency in Note 7 to the financial statements describing the need for advances or deferral of reimbursements to affiliates to meet its current obligations.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Redwood Street Limited Partnership's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information that we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Management Representations

We have requested certain written representations from management that are included in the management representation letter dated March 16, 2016. A copy of that correspondence has been provided.

Material Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We detected no material misstatements and did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on Redwood Street Limited Partnership's financial reporting process.

There were no uncorrected financial statement misstatements.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to Redwood Street Limited Partnership's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Difficulties Encountered in Performing Audit

We encountered no serious difficulties in dealing with management relating to the performance of the audit.

Management Consultations with Other Accountants

To our knowledge and as management has informed us, there were no consultations with other accountants regarding auditing and accounting matters.

Other Audit Findings or Issues

We did not discuss any major issues with management regarding the application of accounting principles and auditing standards that resulted in a condition to our retention as Redwood Street Limited Partnership's auditors.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Redwood Street Limited Partnership's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have concluded that substantial doubt remains about the entity's ability to continue as a going concern for a
The information in this letter is intended solely for the use of those charged with governance of Redwood Street Limited Partnership and is not intended to be, and should not be, used by anyone other than these specified parties.

We sincerely appreciate the opportunity to provide services to Redwood Street Limited Partnership and hope you find the information included in this correspondence useful and informative. If you have any questions or wish to discuss any of the items further, please let us know.

Dauby O'Connor & Zaleski, LLC

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

U.S. Return of Partnership Income

For calendar year 2015, or tax year beginning _____, ending _____

OMB No. 1545-0123

2015

A Principal business activity REAL ESTATE B Principal product or service RENTAL C Business code number 531110	Type or Print	Name of partnership REDWOOD STREET LIMITED PARTNERSHIP Number, street, and room or suite no. If a P.O. box, see the instructions. P.O. BOX 395 City or town, state or province, country, and ZIP or foreign postal code JAMESTOWN NC 27282	D Employer identification number 56-1994857 E Date business started 10/14/1996 F Total assets \$ 0.
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G Check applicable boxes: (1) ☐ Initial return (2) ☒ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended return
 (6) ☒ Technical termination - also check (1) or (2)

H Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ▶ _____

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶ **3**

J Check if Schedules C and M-3 are attached ☐

Caution. Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1 a Gross receipts or sales	1a		1c	
	b Returns and allowances	1b			
	c Balance. Subtract line 1b from line 1a				
	2 Cost of goods sold (attach Form 1125-A)			2	
	3 Gross profit. Subtract line 2 from line 1c			3	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))			5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			6	
7 Other income (loss) (attach statement)			7		
8 Total income (loss). Combine lines 3 through 7			8		
Deductions (see the instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)			9	
	10 Guaranteed payments to partners			10	
	11 Repairs and maintenance			11	
	12 Bad debts			12	
	13 Rent			13	
	14 Taxes and licenses			14	
	15 Interest			15	
	16 a Depreciation (if required, attach Form 4562)	16a			
	b Less depreciation reported on Form 1125-A and elsewhere on return	16b		16c	
	17 Depletion (Do not deduct oil and gas depletion.)			17	
	18 Retirement plans, etc.			18	
	19 Employee benefit programs			19	
	20 Other deductions (attach statement)			20	
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20			21	
22 Ordinary business income (loss). Subtract line 21 from line 8			22	0.	

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.				May the IRS discuss this return with the preparer shown below (see instr.)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	Signature of general partner or limited liability company member manager _____ Date _____					
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN	
	DEREK HAMMOND				P01263938	
	Firm's name ▶	Firm's EIN ▶				
	DAUBY O'CONNOR & ZALESKI, LLC	35-1750664				
	Firm's address ▶	Phone no.				
	501 CONGRESSIONAL BLVD, STE 300 CARMEL, IN 46032	(317) 848-5700				

LHA For Paperwork Reduction Act Notice, see separate instructions.

Form **1065** (2015)

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:				Yes	No
a <input type="checkbox"/> Domestic general partnership	b <input checked="" type="checkbox"/> Domestic limited partnership				
c <input type="checkbox"/> Domestic limited liability company	d <input type="checkbox"/> Domestic limited liability partnership				
e <input type="checkbox"/> Foreign partnership	f <input type="checkbox"/> Other				
2 At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?				X	
3 At the end of the tax year:					
a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership				X	
b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership					X
4 At the end of the tax year, did the partnership:					
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below					X
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock		
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below					X
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital	
5 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details					X
6 Does the partnership satisfy all four of the following conditions?					
a The partnership's total receipts for the tax year were less than \$250,000.					
b The partnership's total assets at the end of the tax year were less than \$1 million.					
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.					
d The partnership is not filing and is not required to file Schedule M-3					X
If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.					
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?					X
8 During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?					X
9 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?					X
10 At any time during calendar year 2015, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country.					X

Form 1065 (2015)

Schedule B Other Information (continued)

	Yes	No
11 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		X
12a Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.		X
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
13 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) <input type="checkbox"/>		
14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		X
15 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions		
16 Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership.		X
17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return.		
18a Did you make any payments in 2015 that would require you to file Form(s) 1099? See instructions	X	
b If "Yes," did you or will you file required Form(s) 1099?	X	
19 Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, attached to this return.		
20 Enter the number of partners that are foreign governments under section 892.		

Designation of Tax Matters Partner (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP	WYNNEFIELD DEVELOPMENT, LLC	Identifying number of TMP	56-2012412
If the TMP is an entity, name of TMP representative	I. NORWOOD STONE	Phone number of TMP	(336) 454-6134
Address of designated TMP	P.O. BOX 395 JAMESTOWN, NC 27282		

Form 1065 (2015)

Schedule K Partners' Distributive Share Items

		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1 0.
	2 Net rental real estate income (loss) (attach Form 8825) SEE STATEMENT 2	2 -35,120.
	3 a Other gross rental income (loss) 3a	
	b Expenses from other rental activities (attach statement) 3b	
	c Other net rental income (loss). Subtract line 3b from line 3a 3c	
	4 Guaranteed payments	4
	5 Interest income SEE STATEMENT 3	5 4.
	6 Dividends: a Ordinary dividends 6a	
	b Qualified dividends 6b	
	7 Royalties	7
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8
Income (Loss)	9 a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a
	b Collectibles (28%) gain (loss) 9b	
	c Unrecaptured section 1250 gain (attach statement) 9c	
	10 Net section 1231 gain (loss) (attach Form 4797)	10
Deductions	11 Other income (loss) (see instructions) Type ▶	11
	12 Section 179 deduction (attach Form 4562)	12
	13 a Contributions 13a	
	b Investment interest expense 13b	
Self-Employment	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶ 13c(2)	
	d Other deductions (see instructions) Type ▶ 13d	
	14 a Net earnings (loss) from self-employment 14a	0.
	b Gross farming or fishing income 14b	
Credits	c Gross nonfarm income 14c	
	15 a Low-income housing credit (section 42(j)(5)) 15a	
	b Low-income housing credit (other) 15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable) 15c	
	d Other rental real estate credits (see instructions) Type ▶ 15d	
	e Other rental credits (see instructions) Type ▶ 15e	
Foreign Transactions	f Other credits (see instructions) Type ▶ 15f	
	16 a Name of country or U.S. possession ▶ 16a	
	b Gross income from all sources 16b	
	c Gross income sourced at partner level 16c	
	Foreign gross income sourced at partnership level	
	d Passive category ▶ e General category ... f Other ... 16f	
	Deductions allocated and apportioned at partner level	
	g Interest expense ▶ h Other ... 16h	
	Deductions allocated and apportioned at partnership level to foreign source income	
	i Passive category ▶ j General category ... k Other ... 16k	
	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/> 16l	
m Reduction in taxes available for credit (attach statement) 16m		
n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	17 a Post-1986 depreciation adjustment 17a	226.
	b Adjusted gain or loss 17b	
	c Depletion (other than oil and gas) 17c	
	d Oil, gas, and geothermal properties - gross income 17d	
	e Oil, gas, and geothermal properties - deductions 17e	
	f Other AMT items (attach statement) 17f	
Other Information	18 a Tax-exempt interest income 18a	
	b Other tax-exempt income 18b	
	c Nondeductible expenses 18c	
	19 a Distributions of cash and marketable securities 19a	272,513.
	b Distributions of other property 19b	
	20 a Investment income 20a	4.
b Investment expenses 20b		
c Other items and amounts (attach statement) STMT 4		

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l						1	-35,116.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nominee/Other	
a General partners				-20,971.			
b Limited partners				-14,145.			

Schedule L Balance Sheets per Books

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		16.		
2a Trade notes and accounts receivable	2,803.			
b Less allowance for bad debts		2,803.		
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach statement)	STATEMENT 6	8,453.		0.
7a Loans to partners (or persons related to partners)				
b Mortgage and real estate loans				
8 Other investments (attach statement)				
9a Buildings and other depreciable assets	2,430,666.			
b Less accumulated depreciation	1,072,368.	1,358,298.		
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)		158,956.		
12a Intangible assets (amortizable only)	23,625.			
b Less accumulated amortization	12,784.	10,841.		
13 Other assets (attach statement)				
14 Total assets		1,539,367.		0.
Liabilities and Capital				
15 Accounts payable		20,088.		
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach statement)	STATEMENT 7	6,832.		0.
18 All nonrecourse loans		1,112,729.		
19a Loans from partners (or persons related to partners)		118,326.		
b Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach statement)				
21 Partners' capital accounts		281,392.		0.
22 Total liabilities and capital		1,539,367.		0.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. The partnership may be required to file Schedule M-3 (see instructions).

1 Net income (loss) per books		6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a Depreciation \$	
a Depreciation \$		8 Add lines 6 and 7	
b Travel and entertainment \$		9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
5 Add lines 1 through 4			

Schedule M-2 Analysis of Partners' Capital Accounts

STMT 5

1 Balance at beginning of year	281,392.	6 Distributions: a Cash	272,513.
2 Capital contributed: a Cash	272,513.	b Property	
STMT 10 b Property		7 Other decreases (itemize):	
3 Net income (loss) per books	-52,087.	STMT 9	229,305.
4 Other increases (itemize):		8 Add lines 6 and 7	501,818.
5 Add lines 1 through 4	501,818.	9 Balance at end of year. Subtract line 8 from line 5	0.



DATE: February 13, 2017

TO: Barbara Harris, Assistant City Manager

FROM: Internal Audit Division

SUBJECT: Redwood Street Limited Partnership 2014-2015
(Written Response Required by February 27, 2017)

The Internal Audit Division has performed our compliance review for the year ended December 31, 2015 of Redwood Street Limited Partnership ("Partnership"). The property, Coley Jenkins Independent Living Center ("Project"), received a non-interest bearing loan provided by the City of Greensboro ("City") in the amount of \$556,000 to help in the construction of 40 residential units located at 2121 Redwood Street. This property is managed by Wynnefield Properties, Incorporated. The balance on the loan is due in full on December 1, 2027.

Ms. Von Patrick, Neighborhood Outreach Specialist of the Planning Department, inspected approximately 15 percent of the units and no repairs were noted for the property at the time. Also, the exterior buildings and grounds were noted to be in good condition. A copy of the report was given to the Property Manager.

Note 1of the audited financial statements for the year ended December 31, 2015 states: "Effective December 31, 2015, the Limited Partner [WNC Institutional Tax Credit Fund V, L.P.] assigned their interest in the Partnership to Wynnefield 515, LLC ("New Limited Partner"). The resulting ownership interests in the Company will be as follows: Wynnefield Properties, Inc. ("Managing General Partner") at 1.00% and Wynnefield 515, LLC ("New Limited Partner") at 99.00%."

In regards to the Project's cash flow, Note 7 of the audited financial statements for the year ended December 31, 2015 states: "The Project has required the deferment of the collection of management fees and payroll costs by management, advances from affiliates, and suspension of deposits into the reserve for replacements in order to meet its financial obligations. It is likely that this deferral along with future advances will be required in the future for the Project to continue to meet its obligations."

The current assets of the Partnership at December 31, 2015 were \$22,621 while the current liabilities were \$50,626; resulting in a negative working capital of (\$28,005). As disclosed in Note 4 to the audited financial for fiscal year ended December 31, 2015, it states: "The Limited Partner advanced \$80,692 to the Partnership in prior years to fund payment of past due property taxes and insurance expenses. The \$80,692 advanced is still outstanding at December 31, 2015 and 2014. An affiliate of the Managing General Partner advanced \$14,142 to the Partnership in prior years to fund payment of past due property taxes. The \$14,142 advanced is still outstanding at December 31, 2015 and

2014. Collectively, as of December 31, 2015 and 2014, \$94,834 remained payable to the Partners and affiliates."

"Affiliates of the General Partner had deferred the reimbursement of operating expenses throughout the years ended December 31, 2015 and 2014. The amounts outstanding at December 31, 2015 and 2014 totaled \$41,442 and \$20,614, respectively."

The Partnership should continue to seek ways of improving its financial position.

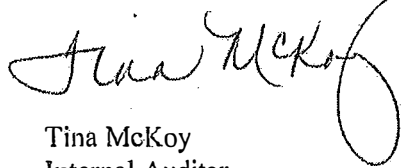
We examined selected program documentation maintained by the Partnership for compliance with the loan agreement. Based on our review, it appears that the terms of the loan agreement have been met with the following exception:

FINDING: We have not received the Partnership's Management Letter and Form 1065 Tax Returns for fiscal year ended December 31, 2015.


RECOMMENDATION: Financial reporting should be submitted in accordance with the written loan agreement. Please submit the Partnership's Management Letter and Form 1065 Tax Returns immediately. If a Management Letter was not issued, please ask your auditors to provide us a letter stating such on the firm's letterhead (signed and dated) as soon as possible.

We request a written and signed response from the Neighborhood Development Department and Wynnefield Properties, Incorporated by February 27, 2017; and mailed to: City of Greensboro, Internal Audit Division, P. O. Box 3136, Greensboro, NC 27402.

We would like to thank Ms. Joanie Duley, Corporate Management and the staff of Wynnefield Properties for their courtesy and cooperation shown to us during this visit. If there are any questions or comments concerning the details of this visit, we can be reached at 373-4528.



Tina McKoy
Internal Auditor



Len Lucas
Internal Audit Director

Cc: Chris Wilson, Assistant City Manager
Cyndi Blue, Manager of Housing Services, Neighborhood Development
Lamont Taylor, Administrative Services Manager, Neighborhood Development
Caitlin Bowers, Grant Administrator, Neighborhood Development
Charla Gaskins, Federal Compliance Coordinator, Neighborhood Development
Bill Cashatt, CFO, Wynnefield Properties, Incorporated
Joanie Duley, Controller, Wynnefield Properties, Incorporated



NEIGHBORHOOD DEVELOPMENT

February 10, 2017

Norwood Stone, Wynnefield Properties
Coley Jenkins Apartments
PO Box 395
Jamestown, NC 27282

Dear Mr. Stone:

Enclosed is a copy of the City of Greensboro's programmatic review of the loan agreement between the City of Greensboro and Redwood Street Limited Partnership for a loan for the construction of 40 apartments located at 2121 Redwood Street.

Neighborhood Development staff appreciates the assistance and documentation provided during the monitoring visit by Ms. Joanie Duley, Corporate Management; and the staff of Wynnefield Properties, Incorporated.

Sincerely,

Charla Gaskins
Federal Compliance Coordinator

B. Lamont Taylor
Grants, Finance, & Administration Manager

Programmatic Review of Coley-Jenkins Independent Living Center Agreement

Overview

Redwood Street Limited Partnership entered into a construction loan agreement with the City for a period beginning January 27, 1997 and ending December 1, 2027. The non-interest bearing \$556,000 loan, comprised of \$411,000 from 1995 and 1996 Federal HOME Investment Partnership Program funds and \$145,000 from Greensboro Housing Partnership funds, is due in full by the end of the loan term. This loan helped finance the construction of 40 one-bedroom apartment units known as Coley-Jenkins Independent Living Center. This property is managed by Wynnefield Properties, Incorporated.

The purpose of this programmatic review is to determine whether Redwood Street Limited Partnership met agreement requirements during fiscal year 2014/2015. Wynnefield Properties, Incorporated provided resident files and financial documentation for the City of Greensboro's Neighborhood Development staff and Internal Audit staff to review.

Process

City of Greensboro staff conducted an on-site monitoring visit of the Coley-Jenkins Independent Living Center, located at 2221 Redwood Street, on September 29, 2016. Prior to the visit, the City provided a letter to Wynnefield Properties, Incorporated to schedule the visit and to request documentation needed to conduct the review. In response to the letter, Wynnefield Properties, Incorporated confirmed scheduling and provided copies of requested documentation. During the visit, Internal Audit conducted a financial review and Neighborhood Development conducted a programmatic review. Staff of Wynnefield Properties, Incorporated was available to answer any questions.

Review of Certification of Tenant Incomes

The purpose of this review is to determine compliance with agreement requirements and eligibility documentation that was maintained for each resident. A sampling of six resident files was chosen for review. The files included tenant income certifications and supporting income documentation. All files reviewed met the initial income threshold for low and moderate income households. Tenant incomes were in compliance with the agreement.

Review of Lead Based Paint Disclosure

The purpose of this review is to determine whether agreement requirements are being met. Construction of the property was to be completed by December 1, 1997. Coley-Jenkins Independent Living Center is exempt from the lead based paint disclosure requirements.

Review of Residential Lease

The purpose of this review is to determine compliance with agreement requirements. Of the files reviewed, documentation showed that all residents signed a lease at move-in. All initial leases are for one year. Residential leases appear to be in compliance with the agreement.

Review of Rents

The purpose of this review is to determine compliance with the agreement. For thirty years following completion of construction, the maximum gross rent for all units (including applicable utility allowances) will not exceed thirty (30%) percent of the adjusted income of a two person household whose gross income equals fifty (50%) of the median income for the Greensboro Area. The 1st Amendment to the agreement allows for 16 units to be at or less than 50% rent limits and 24 units at 51% to 60% rent limits. The 2016 HOME rent plus utility limits are as follows:

Bedrooms (People)	Current Coley-Jenkins Independent Living Center Max Low Rent	Low HOME Rent	Current Coley-Jenkins Independent Living Center Max High Rent	High HOME Rent
1 Bedroom (1.5)	\$415	\$531	\$519	\$637

All of the unit rents for Coley-Jenkins Independent Living Center appear to comply with the agreement.

Review of Property Standards

The purpose of this review is to determine compliance with agreement requirements for improvements, maintenance and repairs to the property. A sampling of six resident files was chosen for review. All were 1-bedroom units. All files reviewed had an inspection form signed by management.




Additionally, Ms. Von Patrick, Neighborhood Outreach Specialist for the Planning Department, inspected six of the units and the property's exterior and grounds during the on-site monitoring visit. No repairs were suggested for the units.

Review of Contractual Compliance

Redwood Street Ltd has maintained insurance coverage and has named the City of Greensboro as the insured on the policy. Internal Audit examined selected financial transactions and program documentation for compliance with the loan agreement. Based on their review, it appears that the terms of the loan have met the agreement with the exception of receiving the Partnership's Management Letter and Form 1065 Tax Returns for fiscal year ended December 31, 2015. Internal Audit requested the submission of the Partnership's Management Letter as soon as possible.

Based on Neighborhood Development's review of files and program documentation, it appears that requirements in the loan agreement have been met with the exception of paying property taxes on time. Per the City agreement, taxes are to be paid when due. A red flag resulted because property taxes for Coley-Jenkins Independent Living Center were not paid on time; payments were made approximately 4 ½ months past the due date. Due diligence should be taken to ensure that Redwood Street Limited Partnership complies with the loan agreement for the upcoming review.

Property Base Indicators

Red Flag Indicators	Threshold	Property results	Red Flag
Physical Occupancy FY 15/16	>85%	93.8%	-
Average Vacant Unit Offline Time	<45 Days	128.4 Days	
Adhering to HOME and/or Agreement	Achieved	Yes	-
Change in Revenue	Positive	No	
Affirmative Marketing Policy	Adherence	Yes	-
Property Taxes Paid On Time	Achieved	No	

Summary:

There are three (3) red flag indicators (shown above) which should be focused on by management. Neighborhood Development urges Wynnefield Properties to seek ways to improve the average vacant unit offline time, to increase the positive change in revenue, and to ensure property taxes are paid by the due date. Most notably, the average vacant unit offline time increased from 102.8 days in the previous review to 128.4 days in the current review. This is a significant increase and will be closely monitored by the City of Greensboro in next year's review. Neighborhood Development does not require a reply. Internal Audit requests the submission of the Partnership's Management Letter and Form 1065 Tax Returns for fiscal year ended December 31, 2015.